

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 CAB-02 CIAE-00
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FROM RCAA DWOR

DEPARTMENT PASS COMMERCE FOR BED/OBOD; EXIMBANK; FAA FOR
CARMICHAEL; BRUSSELS FOR CARY AND PACE; ATHENS AFOR RTDO

EO 11652: NA
TAGS: EAIR, BEXP, IS
SUBJ: EL AL WIDEBODIED AIRCRAFT EVALUATION

REF: ROME 13281

1. RCAA TELEPHONE DISCUSSIONS JULY 25 WITH ROBERT WILLS,
LOCKHEED-CALIFORNIA MARKETING REPRESENTATIVE ISRAEL, AND JULY 26
WITH BERBERT STEINDLER, GE REGIONAL MANAGER SOUTHERN EUROPE/
MEDITERRANEAN, INDICATE FOLLOWING STATE-OF-PLAY FORTHCOMING
EL AL DECISION ACQUIRE MEDIUM-RANGE WIDEBODIED AIRCRAFT:
A. MCDONNELL DOUGLAS PROPOSAL TO EL AL COVERING THREE DC-10-10'S
SUBMITTED MID-JULY BUT, ACCORDING STEINDLER AND WILLS, HAS
NOT GENERATED HIGH INTEREST WITH ISRAEL AIR CARRIER, WITH
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COMPETITION STILL EFFECTIVELY NARROWED L-1011 TRISTAR AND A-300B4.
B. EL AL TYPE-SELECTION DECISION DATE, ORIGINALLY SET
FOR JUNE 15, THEN DELAYED UNTIL JULY 29, HAS APPARENTLY
AGAIN SLIPPED TO AUGUST 15.
C. LOCKHEED CORPORATION CHAIRMAN ROY A. ANDERSON,
PROBABLY ACCOMPANIED BY LOCKHEED-CALIFORNIA'S GEORGE
LOMBARD AND BOB WILLS, IS SCHEDULED VISIT EL AL

EXECUTIVE CHAIRMAN MODECHAI BEN ARI AND SENIOR STAFF
AUGUST 1 AND AUGUST 2. PRESUMABLY, ANDERSON WILL PRESENT
FINAL L-1011 TRISTAR OFFER. PRESENTLY, A-300B4-100
HOLDS ADVANTAGE OF LOWER INITIAL PRICE, LOWER FUEL
BURNOFF/OPERATING COSTS PER PLAN-MILE, AND CONCESSIONAL
WEST GERMAN (HERMES) AND FRENCH (COFAER) GOVERNMENTAL
FINANCING.

D. ACCORDING WILLS, EL AL SPECIFIED SEATING CONFIGURATIONS
FOR TRISTAR AND A-300B4 SHOWN A SEVENTY-SEAT ADVANTAGE
IN FAVOR OF L-1011 TRISTAR (326 SETS AS AGAINST A-300B'S
256). LOCKHEED-CALIFORNIA'S TASK IS TO CONVINCE EL AL
THAT TRISTAR'S ADDITIONAL SEATS CAN BE VIABLY FILLED
TO CAPITALIZE ON U.S. AIRCRAFT'S LOWER FUEL BURNOFF/OPERATING
COST PER SEAT-MILE AND ENHANCE PROFITABILITY.

E. APPARENT DIVERGENCE OF VIEWS AMONG EL AL'S SENIOR
STAFF REGARDING RELATIVE MERITS OF TRANS-ATLANTIC
PAYLOAD/RANGE CAPABILITY OF U.S. WIDEBODIED TRIJETS VS.
MINIMUM PLANE-MILE COSTS OF A-300B4-100 ON SPECIALIZED
ISRAEL-WESTERN EUROPE TRAFFIC SEGMENTS.

F. CHAIRMAN BEN-ARI AND SENIOR VICE PRESIDENT HARLEV
HAVE INDICATED SOME INTEREST IN LOCKHEED-CALIFORNIA
L-1011-200, POWERED BY UPRATED RB-211-524 ENGINES
AND PROBABLY CAPABLE LONDON-CHICAGO NONSTOP OPERATIONS.
PRESIDENT MORDECHAI HOD, REPORTEDLY, CLINGS TO A-300B4-100
AS AIRLINE'S MEDIUM-RANGE CHOICE, ALTHOUGH HE HAS BEEN
QUOTE IN JUNE 19TH ISSUE AVIATION WEEK AND SPACE
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TECHNOLOGY AS CONCERNED BY LACK OF AFTER-SALES SUPPORT
BING PROPOSED AIRBUS INDUSTRIE, MOST PARTICULARLY
ABSENCE OF CENTRAL AIRBUS SPARES PURCHASING AGENCY.
G. AS MINIMUM, EL AL'S NEWLY ACQUIRED ADDITIONAL TRAFFIC
POINTS IN U.S. FAVOR AIRLINE EXERCISING OPTION THIS
FALL FOR EIGHTH BOEING 747-200 SL COMBI
FOR DELIVERY DECEMBER 1979, WITH ENHANCED 747-200
REQUIREMENT TO FOLLOW.

H. WILL AND STEINDLER INDICATED EL AL IS CONSIDERING
BASING A BOEING 707-358B/C AT JFK TO MEET ROUTE
REQUIREMENTS ONWARD FROM NEW YORK TO NEWLY-WON U.S.
TRAFFIC POINTS (LOS ANGELES, CHICAGO, MIAMI, BOSTON).
THIS CHANGE-OF-GAUGE OPERATION, CONNECTING WITH AIRLINE'S
TRANS-ATLANTIC BOEING 747-258'S AT JFK, WOULD BE AN INTERIM
ONE PENDING DELIVERY ADDITIONAL NEW AIRCRAFT TO SERVICE
THESE NEW POINTS MORE DIRECTLY FROM AND TO WESTERN EUROPE
GATEWAYS AND PENDING SUFFICIENT
BUILDUP OF TRAFFIC AND MARKET IDENTITY.

2. COMMENT: AIRBUS INDUSTRIE A-300B4-100 CONTINUES
TO APPEAR MARGINAL FRONT-RUNNER TO MEET EL AL'S
ISRAEL-WESTERN EUROPE MEDIUM-RANGE REQUIREMENT, BUT

LOCKHEED CHAIRMAN ANDRSON'S FORTHCOMING VISIT, IF
ACCOMPANIED BY VIABLE CONCESSIONS, MAY TURN TIDE IN
LOCKHEED L-1011'S FAVOR. AIRBUS INDUSTRIES MAY ALSO
BE PREPARED TO OFFER ADDITIONAL CONCESSIONS TO
EL AL (PARTICULARLY AFTER BOEING 767-200'S RECENT
SIGNIFICANT VICTORY OVER A-300B-10 WITH UNITED AIRLINES)
TO REBUILD A-300B SALES MOMENTUM.GARDNER

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